

Message Text

LIMITED OFFICIAL USE

PAGE 01 LISBON 02409 131821Z

47

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 SAM-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /072 W

----- 051037

P 131630Z APR 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 6750

LIMITED OFFICIAL USE LISBON 2409

E.O. 11652: N/A

TAGS: ELAB, PO

SUBJ: DISPUTE AT FIRESTONE PORTUGUESA S.A.R.L.

REF: LISBON 1692

1. AMBASSADOR AND SECRETARY OF STATE MARCELO CURTO LUNCHE
TOGETHER APRIL 12 AT LATTER'S REQUEST. MARCELO CURTO'S
MAJOR OBJECTIVE IN SEEKING MEETING WAS TO DISCUSS ADDITIONAL
RETROACTIVE SALARY PAYMENTS AT FIRESTONE PORTUGUESA. HE
STATED THAT HIS MINISTRY WOULD DELIVER A LETTER THAT SAME
AFTERNOON TO FIRESTONE SPECIFYING BASIS UPON WHICH COMPANY
SHOULD COMPLETE RETROACTIVE PAYMENTS. MARCELO CURTO REQUESTED
THAT EMBASSY URGE FIRESTONE TO ACCEPT MINISTRY'S BASIS IN
PRINCIPAL AND SUBSEQUENTLY NEGOTIATE A LOWER COST, COMPROMISE
SOLUTION ACCEPTABLE TO ALL PARTIES. HE EXPRESSED HOPE THAT
COMPANY WOULD SHOW MORE FLEXIBILITY THAN IN THE PAST AND
INDICATED THAT BOTH THE MINISTRY AND THE WORKERS WERE DIS-
POSED TO NEGOTIATE SUCH A COMPROMISE. HE EMPHASIZED GOV-
ERNMENT'S DESIRE TO PREVENT THIS ISSUE FROM BECOMING MAJOR
PROBLEM BEFORE THE CONGRESSIONAL ELECTIONS.

2. EMBASSY OFFICERS MET WITH FIRESTONE MANAGEMENT THAT
SAME AFTERNOON. LATTER STATED THAT BASIS FOR PAYMENT
SPECIFIED BY MINISTRY WAS COMPLETELY UNJUSTIFIABLE AND UN-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LISBON 02409 131821Z

ACCEPTABLE. PAYMENT ON THAT BASIS WOULD COST THE COMPANY,

THEY CLAIMED, APPROXIMATELY \$350 THOUSAND. SEVERAL OTHER PROBLEMS WERE RAISED. FIRST, IF COMPANY ACCEPTS MINISTRY'S BASIS, WHICH HAS NEVER BEEN RATIONALLY EXPLAINED, OTHER WORKERS IN THE COMPANY ARE LIKELY TO SEEK SIMILAR BENEFITS. SECONDLY, IF COMPANY DOES NOT CHALLENGE MINISTRY'S DECISION IN THE COURT BY APRIL 15, IT WILL HAVE IMPLICITLY ACCEPTED THAT DECISION AND WOULD HAVE NO SUBSEQUENT LEGAL GROUNDS TO PROTEST. THIRD, IF COMPANY ACCEPTS MINISTRY'S POSITION, IT WILL BE COMPLETELY AT THE MERCY OF ITS WORKERS IF IT SEEKS PAYMENT REDUCTIONS AFTER THE DEADLINE FOR PROTESTING HAS PASSED. MANAGEMENT AGREED, HOWEVER, TO PURSUE NEGOTIATED SETTLEMENT IF DEADLINE BY WHICH IT MUST CHALLENGE MINISTRY'S DECISION WERE DELAYED ONE MONTH OR, SHOULD THAT NOT BE POSSIBLE, IF NEGOTIATED SETTLEMENT CAN BE ACHIEVED BY APRIL 15.

3. ECON COUNSELOR CALLED ON MARCELO CURTO APRIL 13. LATTER CRITICIZED COMPANY MANAGEMENT FOR WHAT HE DESCRIBED AS ITS INFLEXIBLE POSTURE AND ITS POOR PERSONNEL RECORDS. HE STATED THAT MINISTRY WOULD INSIST ON FULFILLMENT OF ITS PAYMENT FORMULA IF COMPANY AND WORKERS DO NOT REACH COMPROMISE SOLUTION. HE MADE NO ATTEMPT TO JUSTIFY MINISTRY'S FORMULA, STATING SIMPLY THAT COMPANY COULD AFFORD TO PAY IN ORDER TO CORRECT SALARY PAYMENT INJUSTICES. AS DISCUSSION CONTINUED, MARCELO CURTO INDICATED THAT WORKERS WOULD LIKELY AGREE TO ACCEPT LESS THAN THE AMOUNT IMPLIED BY THE MINISTRY'S FORMULA. HE ALSO INDICATED THAT WORKERS WOULD PROBABLY AGREE TO DISTRIBUTE EQUALLY THE ADDITIONAL RETROACTIVE PAYMENTS AMONG ALL THOSE WHO ARE INVOLVED. HE FINALLY AGREED TO MEET WITH COMPANY MANAGEMENT AND UNION OFFICIALS AFTERNOON OF APRIL 14 IN ORDER ACHIEVE COMPROMISE SOLUTION.

4. ECON COUNSELOR MET AGAIN WITH MANAGEMENT. LATTER AGREED TO ATTEMPT MEETING AT MINISTRY ON APRIL 14, BUT DID NOT FORECLOSE POSSIBILITY OF PROTESTING MINISTRY FORMULA IF NO COMPROMISE SOLUTION IS REACHED BY APRIL 15.

5. COMMENT: MINISTRY FORMULA REFLECTS GOVERNMENT'S DESIRE TO PROVIDE WORKERS WITH SOME ADDITIONAL PAYMENT AND TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LISBON 02409 131821Z

AVOID PRE-ELECTION PROBLEM. IT APPARENTLY HAS LITTLE CONCERN FOR THE TECHNICALITIES INVOLVED, BUT DOES NOT RELISH POSSIBILITY OF MANAGEMENT CONTESTING ITS DECISION IN THE COURTS. FOR ITS PART, COMPANY MANAGEMENT HEARTILY DISLIKES MAKING ADDITIONAL PAYMENT, BUT APPEARS WILLING TO DO SO TO OBTAIN LABOR PEACE. PROBLEM NOW IS WHETHER LABOR AND MANAGEMENT CAN AGREE ON A MUTUALLY ACCEPTABLE AMOUNT.

6. FYI: LOCAL MANAGEMENT AND MARCELO CURTO CLEARLY HAVE
LOST ALL CONFIDENCE IN EACH OTHER'S GOOD FAITH. DEPART-
MENT MAY WISH TO CONTACT FIRESTONE AND URGE THAT IT SEND
APPROPRIATE VICE PRESIDENT TO PORTUGAL IN ORDER TO REVIEW
COMPANY'S POSITION WITH GOP.
OKUN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTE SETTLEMENT, LABOR DISPUTES, NEGOTIATIONS, LABOR UNIONS, PERSONNEL COMPENSATION
Control Number: n/a
Copy: SINGLE
Draft Date: 13 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LISBON02409
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760140-0037
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760468/aaaacفش.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 LISBON 1692
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 03 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 MAY 2004 by BoyleJA>; APPROVED <31 AUG 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DISPUTE AT FIRESTONE PORTUGUESA S.A.R.L.
TAGS: ELAB, PO, FIRESTONE, (CURTO, MARCELO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006